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SUBJECT: ESTONIA INCREASES FOREIGN AID

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¶1. (U) On May 11 the GOE endorsed a development cooperation and humanitarian assistance development plan for 2006 to 2010. According to the plan, which hews closely to a draft that has been under discussion since December 2005 (reftel), in the coming four years foreign aid will grow to 0.1 percent of Estonia's GDP, or about 227 million kroons (USD 18.7 million) per year. In 2010 financing of development cooperation will total approximately 186 million kroons (USD 15.4 million) and humanitarian aid 41 million kroons (USD 3.4 million).

¶2. (U) The plan calls for the Ministry of Foreign Affairs to get the largest share of the increase in resources. Its assistance budget will jump from the current 22 million kroons (USD 1.8 million) to 61 million kroons (USD 5 million) by 2010. Under the plan Georgia, Moldova, Ukraine and Afghanistan are listed as key partners in development cooperation. The main areas of support are education, environment, promoting democracy, and economic development. With respect to Afghanistan, Foreign Minister Urmas Paet told the press that until now Estonia had focused on military operations, but that "...in the future we want to add to it a civilian component."

¶3. (SBU) Comment: The MFA is slated to present an implementation action plan for 2006 - 2007 to the government in October. Pursuing consultations in Washington for Estonian development officials before then, either on the margins of June's ePINE meeting or at a later date (Development Cooperation Director Marje Sotnik has expressed a willingness to travel to Washington on the margins of UNGA in September), will give us an opportunity to ensure that our democracy-building and economic development efforts are complementary (to the extent possible). Estonia's resources may be modest in absolute terms, but it brings credibility to the table in promoting democratic and economic reform.

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